

## Cost Justified? Teaching Notes

### *What Are the Relevant Facts?*

1. The CEO has received an anonymous letter stating that the system does not perform as expected.
2. This system represents a major financial investment by the company.
3. Mary was the original supporter of the system and provides the CEO with only positive feedback on its performance.
4. Joe is aware that the system's actual performance is as described in the letter.
5. Mary tells Joe to write a positive reply to the letter for the CEO.
6. When Joe approaches Mary with his concerns, she says if he does not write the reply, she will have doubts about his ability to be a District Manager.

### *What Are the Ethical Issues?*

1. How can Joe provide an accurate report on the system's performance?
2. Is Joe's duty to obey Mary or to tell the truth to the CEO?
3. To what extent is Joe responsible for informing others of the situation? Is this a whistle-blowing situation?
4. What are Joe's obligations to his family?

### *Who Are the Primary Stakeholders?*

- Joe
- Mary
- John
- The individual who wrote the letter
- The company's stockholders
- Joe's family

### *What Are the Possible Alternatives?*

1. Provide the reply as Mary requested.
2. Provide an accurate reply (which Mary would intercept and stop).
3. Refuse to write a false report.

### *What Are the Ethics of the Alternatives?*

- Ask questions based on a "utilitarian" perspective (costs and benefits). For example:
  1. Which of the alternatives would provide the greatest benefit to the greatest number?
  2. What are the costs in each of the alternatives? Which of the alternatives has the highest "cost" factor associated with it?
  3. Do the benefits of honesty at all costs outweigh the benefits of obeying the directive of a supervisor?
- Ask questions based on a "rights" perspective. For example:
  1. What does the stakeholder have the right to expect?
  2. Which of the alternatives would you want if you were Joe? Mary? John? The stockholders?
- Ask questions based on a "justice" perspective (benefits and burdens). For example:
  1. Which alternative distributes the benefits and burdens most fairly among the stakeholders?
  2. Which stakeholders are most affected if Joe replies honestly?

### *What Are the Practical Constraints?*

1. All correspondence must go through proper channels. Company management frowns on level-jumping.
2. What will happen if Joe replies honestly?

### *What Actions Should Be Taken?*

1. What should Joe do?
2. Which alternative would you choose if you were in his position? Why?
3. Which ethical theories (utilitarian, rights, justice) make the most sense to you in this situation?